

Leonard Green & Partners, L.P.

Part 2A of Form ADV

The Brochure



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This brochure (“Brochure”) provides information about the qualifications and business practices of Leonard Green & Partners, L.P. (“LGP”), an investment adviser that is registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this Brochure, please contact Adrian Maizey at 310-954-0414. Additional information about LGP is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure, dated March 31, 2015, serves as an update to LGP’s Brochure dated July 14, 2014 (the “Prior Brochure”). This Brochure contains routine annual updates to the Prior Brochure, as well as certain other updates to the “Fees and Compensation” and “Code of Ethics” sections.

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Item 4: Advisory Business

For purposes of this brochure, “LGP” means Leonard Green & Partners, L.P., a Delaware limited partnership, together with certain of its affiliates that provide investment advisory services to investment vehicles (as defined below) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended.

Background

Founded in 1989, LGP is a Los Angeles, CA based private equity firm that typically partners with market-leading companies with attractive growth prospects across a broad range of industries. LGP has invested in 73 companies since its inception over 25 years ago. LGP is owned by the Managing Partners and Partners. The Managing Partners, John G. Danhakl and Jonathan D. Sokoloff, are the principal owners of LGP.

Services

LGP serves as the investment manager, and affiliates of LGP serve as the general partner, to related private investment partnerships, namely Green Equity Investors IV, L.P., Green Equity Investors V, L.P., and Green Equity Investors VI, L.P., Green Equity Investors Side V, L.P., and Green Equity Investors Side VI, L.P. These related private investment partnerships (each, a “Main Fund”) are organized to make private equity investments. LGP may in the future advise other private investment partnerships in addition to those listed herein. Investors in the Main Funds are generally required to be “qualified purchasers” as defined in the 1940 Act.

LGP also serves as the investment manager, and affiliates of LGP serve as the general partner, to (i) certain other private investment partnerships which are “feeder” vehicles (each, a “Feeder Fund”) organized to invest exclusively in a Main Fund, and/or (ii) alternative investment vehicles (each, an “Alternative Investment Vehicle”) organized to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions.

LGP also serves as the investment manager, and affiliates of LGP serve as the general partner (or in an analogous capacity), to co-investment vehicles that it organizes to allow certain persons to invest alongside one or more Main Funds in a particular investment opportunity (each such vehicle, a “Co-Investment Vehicle”). As a general matter, any co-investment made by a Co-Investment Vehicle will be on terms and conditions not more favorable than the terms and conditions of the investment by the applicable Main Fund.

The Main Funds, Co-Investment Vehicles, Feeder Funds and Alternative Investment Vehicles are collectively referred to as the “Funds.”

In providing services to each Fund, LGP directs and manages the investment of each Fund’s assets, and provides periodic reports to the limited partners (“Limited Partners”) of each Fund. LGP makes investment decisions based on pre-acquisition due diligence that help LGP identify and assess investment risks and opportunities. LGP’s management activities are governed by the terms of the documents applicable to each Fund. Investment advice is provided directly to each Fund and not individually to the Limited Partners. Investment restrictions for the Funds are generally set forth in the respective governing documents of the Funds. Limited Partners may not impose additional restrictions on the management of the Funds.

As of December 31, 2014, LGP managed, on a discretionary basis, Funds with regulatory assets under management of approximately \$ \$14,828,800,000¹

Item 5: Fees and Compensation

LGP earns management fees, and the affiliated general partners have the potential to earn performance-based compensation, from each of the Funds (generally excluding Co-Investment Vehicles).

Management Fees

For each Fund (excluding Co-Investment Vehicles), LGP is entitled to a management fee. Management fees are generally payable in advance, with payment on or after the 10th day of each semi-annual period or any period that is less than a full semi-annual period. Funds (excluding Co-Investment Vehicles) are generally charged a management fee of 1.50% per annum of aggregate commitments during the commitment period, 1.00% per annum of the funded commitments for two years after the investment period is over, and 0.75% per annum of the funded commitments thereafter. The precise amount and the manner and calculation of the management fees for each Fund is disclosed in the organizational and offering documents of such Fund.

LGP's affiliates that hold limited partnership interests in a Fund do not pay management fees and are not subject to performance-based fees with respect to such limited partnership interests. In addition, the affiliated general partner's capital contributions are generally made through waiver of a corresponding amount of the management fee payable to LGP by such Fund in lieu of capital contributions by such general partner.

Co-Investment Vehicles do not pay any management fees (or performance-based fees), although LGP reserves the right to charge such fees to Co-Investment Vehicles that may be formed in the future. Such vehicles are required to bear their own organizational, administrative and operating expenses.

Performance-Based Fees

Please see Item 6 below for information regarding performance-based fees received by affiliates of LGP with respect to the Main Funds.

Other Fees and Expenses

In addition to the management fees and any performance-based fees payable to LGP and its affiliated entities, respectively, the Funds bear other expenses that are more fully described in each Fund's governing documents, including applicable limited partnership agreements. Examples of expenses that are eligible to be borne by the Funds (and indirectly borne by the Limited Partners) include, but are not limited to, organizational costs, legal, tax, auditing, consulting, administrative and accounting expenses, professional liability insurance premiums², expenses of Advisory Committee meetings (including travel, lodging, and meals), expenses associated with the acquisition, holding and disposition of proposed or actual portfolio investments, extraordinary expenses (such as litigation), interest on and fees and expenses for permitted borrowings and all expenses of liquidating the Funds.

¹ Rounded to the nearest \$100,000.

² LGP maintains a primary and excess professional liability insurance policy that covers all entities. While each entity pays a pro-rata portion of the insurance premium, it is possible that one or more entities could exhaust all of the coverage of the policy and that there would be no coverage benefit available for other entities.

Main Funds also bear expenses associated with certain unconsummated transactions, such as travel, legal, and due diligence expenses. Co-Investment Vehicles are typically not formed or capitalized until close to the time a transaction is actually consummated. Therefore, Co-Investment Vehicles have not historically shared in expenses related to proposed transactions that were not consummated.

Generally, the applicable limited partnership agreements provide for the allocation of expenses amongst the Funds on a proportionate basis with exceptions for circumstances where an expense is properly attributable to a single or subset of Funds, such as fees incurred to amend or extend the line of credit for the Main Funds (which would be allocated solely to the Main Funds). The Funds' governing documents, including applicable confidential offering materials and limited partnership agreements provide a more detailed description of the fees and expenses borne by each Fund.

LGP, its affiliated entities, partners or employees, may perform management, advisory, transactional and other services for portfolio companies and in return may receive (and have received) transaction fees, break-up fees, closing fees, advisory fees, retainer fees, monitoring fees (discussed further below), director's fees, or other similar fees from portfolio companies (collectively, "Other Fees"). These fees may be substantial, are generally not negotiated on an arm's length basis, and may be paid in cash, in securities of the portfolio companies, or otherwise. Other Fees are first used to pay unreimbursed transaction expenses (including unconsummated transaction expenses) and a specified percentage of the remainder of the Other Fees (as set forth in the relevant governing documents of the applicable Fund) is applied to reduce the management fee. Any such reduction of a Fund's management fees will be limited, pro rata, to the extent of such Fund's proportionate interest in the portfolio company or investment vehicle to which such Other Fees relate.

Upon the occurrence of certain events (e.g., public offering or change in control), LGP or its affiliated entities may in the future receive (and has in the past received) from a portfolio company an acceleration payment of unpaid monitoring fees payable under the management services agreement with the portfolio company.

In certain instances, LGP is reimbursed by a portfolio company for expenses incurred by LGP in connection with its performance of the above referenced services for such portfolio company. Such expenses include business, first, or private class travel and meals and such expense reimbursements are not subject to the reduction arrangements described above.

In the event LGP chooses to use a broker-dealer in connection with an investment by a Fund, the brokerage and other transaction costs will be borne by such Fund. For additional information regarding brokerage practices, please see Item 12 below.

Item 6: Performance-Based Fees and Side-by-Side Management

In respect of each Main Fund, the applicable general partner is generally entitled to receive a performance-based fee. Such performance fees paid by the Main Funds are indirectly borne by the Limited Partners in such Funds, including any Funds that invest in a Main Fund (such as Feeder Funds). As a general matter, Co-Investment Vehicles do not pay any performance-based fees. The precise amount of, and the manner and calculation of, the performance-based fee for each Fund is disclosed in the applicable organizational and offering documents. The performance-based fee provisions are negotiated collectively with the investors of each Fund. Item 11 below address certain potential conflicts of interest related to performance-based fees.

Item 7: Types of Clients

LGP's only clients are the Funds to which LGP directly provides investment advisory services. LGP does not provide investment advisory services individually to the investors in the Funds. Investors in the Main Funds are generally "qualified purchasers" as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, sovereign wealth funds, fund of funds, limited partnerships and limited liability companies.

Each Fund may impose a minimum investment commitment requirement. The confidential offering materials for each Fund provide additional information about the Fund's minimum investment commitment, if any, which may be waived by the general partner in its sole discretion.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

The Funds invest primarily in North American-based companies, pursuing investments that meet LGP's target market investment criteria. LGP seeks to achieve the Funds' investment objectives by proactively sourcing investment opportunities, conducting rigorous due diligence of potential investments, developing creative structuring and financing structures to facilitate these investments, being actively involved in value creation post-acquisition, and seeking opportunities for timely realization of Fund investments.

LGP generally targets investments in market-leading franchises, defensible competitive positions and a successful track record, with a preference for companies in the following sectors: retail, distribution, healthcare, aerospace/defense and consumer/business services. While LGP is primarily a control investor, the Funds also invest in minority positions, generally in "shared control" transactions.

Regardless of industry, LGP generally focuses on growing, cash flow positive businesses with strong management and dependable, market-leading franchises. Accordingly, LGP generally avoids cyclical industries, highly regulated industries, commodity producers, and companies with high fixed operating cost structures or unpredictable cash flows.

LGP believes that optimal investment returns generally result from examining a large number of investment opportunities that meet its target investment criteria, while at the same time maintaining strict discipline in due diligence, decision making and valuation.

Before making an investment, LGP conducts due diligence on a number of issues, which generally include the acquisition candidate's operations, competitive position, industry conditions and prospects, management capabilities and other relevant factors. The due diligence effort involves LGP's investment professionals, as well as operating management teams, legal, tax, insurance and accounting advisors, and if appropriate, third party consultants.

In making an investment decision, LGP considers several questions such as:

- What is the company's growth trajectory?
- How has this company and similar companies fared through different economic cycles?
- How is the company positioned competitively?
- What are the cash flow characteristics of the company?

- How talented is the existing management team?
- What add-on acquisitions could be consummated?
- Where are industry valuation multiples versus historical levels?

Risks

Investing in securities, including an interest in a Fund, involves a substantial degree of risk. An investment in a Fund may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in a Fund and investors in the Funds must be prepared to bear the risk of a complete loss of their investments. Investment risks include, but are not limited to, the following:

- The nature of a Fund's investments including the risks associated with:
 - portfolio company leverage;
 - portfolio company bankruptcy and associated Fund exposure to repayment of amounts distributed by such portfolio company;
 - non-U.S. investments;
 - minority investments in certain portfolio companies;
 - the management of portfolio companies;
 - investments in restructurings;
 - investing in publicly-traded securities; and
 - investing in debt securities;
- The difficulty in locating suitable investments;
- The difficulty in valuing illiquid investments;
- The risk that a Fund may not be able to dispose of investments;
- The failure or inability of a Fund to make follow-on investments in a portfolio company;
- Financial and business risks associated with Fund investments;
- The risks arising from the limited number of investments that a Fund may make (lack of diversification);
- The risks associated with financing the acquisition of Fund investments;
- The risks associated with the management of portfolio companies;
- The risks associated with general economic conditions;
- Unforeseen event risks; and
- The risks associated with increased government regulation.

In addition, investing in a Fund presents certain risks, including (but not limited to):

- Dependence on the skill of LGP;
- Lack of operating history;

- Remedies available to a Fund if a Limited Partner defaults on its commitments;
- Limited right of the Fund to recall distributions made to Limited Partners;
- Lack of control over Fund operations;
- Limitations on transfer of interests in, or withdrawal from, a Fund;
- Involuntary sale of interest;
- Recourse to the Fund's assets;
- Distribution of marketable or restricted securities;
- LGP's right to be indemnified by one or more Funds;
- Benefits provided to certain investors through side letters;
- Risks related to Fund leverage;
- Certain tax risks; and
- Risks associated with potential conflicts of interest.

No guarantee or representation is made that a Fund will achieve its investment objective or that Limited Partners will receive a return of their capital. All investing involves a risk of loss and the investment strategy offered by LGP could lose money over short or even long periods.

The preceding discussion identifies only some of the potentially applicable risks. Each Fund's confidential offering materials include a more detailed description of the relevant risks.

Item 9: Disciplinary Information

LGP, its partners, and its employees have not been involved in any legal or disciplinary events that LGP believes should be material to an investor's evaluation of LGP or its personnel.

Item 10: Other Financial Industry Activities and Affiliations

LGP, its partners, and its employees do not have any relationships or arrangements with third parties that are material to LGP's provision of advisory services to its Funds.

LGP organizes and sponsors the Funds. Affiliates of LGP serve as general partners (or in an analogous capacity) of, and control, the Funds. LGP or its affiliated entities are responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds' investment activities in accordance with the Funds' governing documents.

Partners and employees of LGP serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the Fund, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an employee of LGP and such individual's duties as a director or officer of such portfolio company.

For a description of certain material conflicts of interest created by these relationships, please see Item 11 below.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

LGP has adopted a Code of Ethics policy (the “Policy”) for its employees. The Policy describes employees’ standard of conduct and fiduciary duties and limits personal trading by its employees and their household family members in a wide range of securities. Employees must report every account that they or their household family members use for trading securities covered by the Policy and, if they directly or indirectly influence or control trading in the account, they must pre-clear certain transactions, and have copies of trade confirmations and periodic account statements sent by their broker to the Chief Compliance Officer. LGP employees and their household family members are prohibited from trading securities that appear on LGP’s restricted list, which includes securities owned by the Funds.

All employees must acknowledge their receipt of, understanding of, and agreement to adhere to the Policy and all employees are required to promptly report any violation of the Policy of which they become aware.

Current Limited Partners may contact LGP’s Chief Compliance Officer, Adrian Maizey, at (310) 954-0414 for more information about of LGP’s Policy.

Conflicts

Certain potential material conflicts of interest encountered by a Fund include those discussed below, although the discussion does not necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts are described in each Fund’s governing documents and related private placement memoranda. Each Fund’s governing documents and related private placement memoranda should be read in their entirety for other conflicts.

LGP and its affiliates will attempt to resolve any conflicts in good faith and in accordance with any applicable contractual provisions, but there can be no assurance that conflicts of interest or actions taken by LGP or its affiliates will not have an adverse effect on any one or all Funds and/or indirectly on Limited Partners. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had conflicts not existed.

Certain transactions may involve conflicts of interest between LGP and the Funds or among Funds. To address potential conflict of interest transactions (among other matters), the general partner of each Main Fund is required to establish an Advisory Committee comprised of selected individual representatives of the Fund’s Limited Partners. These individuals are not elected by nor do they owe legal duties (other than the requirement that they act in good faith) to the other Limited Partners in the Fund. With certain exceptions as detailed in each Fund’s documentation, a Fund’s Advisory Committee generally does not have any power to approve or disapprove investments.

Related Person Investment

An affiliated entity of each General Partner makes an investment in each Main Fund by agreeing to commit a certain percentage of the Fund’s total capital commitments or a specified dollar amount set out in the Fund’s governing documents. As described in Item 5 above, this investment may be made by a

reduction in the management fees otherwise payable to LGP. In addition, with respect to a Main Fund, LGP may organize parallel investment vehicles in which junior investment professionals may invest and typically does organize Co-Investment Vehicles in which related persons and portfolio company related persons invest. Such investment vehicles generally do not pay any management fees or performance-based fee but are otherwise on effectively the same terms and conditions as the applicable Main Fund. Therefore, LGP, its employees, or a related entity may participate in transactions effected for the Funds and related persons and portfolio company related persons typically do participate in transactions effected for the Funds.

Side-Letters

LGP or the Funds enter into separate agreements, commonly referred to as “side-letters,” or other similar agreements with a particular Limited Partner in connection with its admission to one of the Funds without the approval of any other Limited Partner, which in certain circumstances, have the effect of establishing rights under or supplementing the terms of the applicable Fund’s limited partnership agreement with respect to such Limited Partner in a manner more favorable to such Limited Partner than those applicable to other Limited Partners. Such rights or terms in any such side-letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which may increase the percentage interest of other Limited Partners in, and contribution obligations of other Limited Partners with respect to, such investments), (ii) reporting obligations of the general partner, (iii) waiver of certain confidentiality obligations, (iv) consent of the general partner to certain transfers by such Limited Partner or (v) rights or terms necessary in light of particular legal, tax, regulatory or public policy characteristics of a Limited Partner.

Conflicts Related to Purchases and Sales Between Funds

Investments made by one Fund in a portfolio company in which another Fund has previously invested, may present conflicts of interest, including determinations of whether existing investors are receiving a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. To help mitigate these potential conflicts, if such a cross-Fund transaction is proposed, Advisory Committee approval for such a transaction is sought as a condition to consummating the transaction. In addition, a fairness opinion from an investment banking or appraisal firm may be obtained.

Co-Investment Opportunity Allocations

LGP typically offers a modest amount of co-investment opportunity in most investments made by the Funds, in accordance with its co-investment policies and procedures, to current and former executives of public and private companies, key portfolio company executives and advisors, and similar related persons who, in LGP’s judgment, may add value to activities of the Funds by virtue of their association with the Funds and/or their respective investments, and may offer such opportunities to Limited Partners. LGP reviews the facts and circumstances of a particular investment opportunity, and a variety of other facts and circumstances, in determining whether to offer co-investment opportunities in a particular transaction to one or more of its Limited Partners or other persons described above.

In general: (i) no investor in a Fund has a right to participate in any co-investment opportunity; (ii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of LGP; (iii) third parties may be offered co-investment opportunities, as described above; and (iv) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated

their investment in the portfolio company. Such post-closing sales are typically at the same price as the Fund and are consummated in a reasonably short time frame.

Current Limited Partners may contact LGP's Chief Compliance Officer, Adrian Maizey, at (310) 954-0414 for more information about the allocation of co-investment opportunities.

Diverse Membership

The investors in the Funds include U.S. taxable and tax-exempt entities, and institutional investors from jurisdictions outside of the United States. Such investors may have conflicting investment, tax, and other interests with respect to their investments in a Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments, as well as the structure of a Fund. As a consequence, conflicts of interest may arise in connection with decisions made by LGP, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, LGP will consider the investment and tax objectives of the applicable Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

Business with Portfolio Companies and Investors

Given the collaborative nature of LGP's business and the portfolio companies in which the Funds have invested, there are situations where LGP is in the position of recommending portfolio company services to other portfolio companies. LGP may have a conflict of interest in making such recommendations, in that LGP has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available (or at the best available price) to the portfolio companies held by the Funds.

Conflicts Related to Fee Structure

Because there is a fixed investment period after which capital from Limited Partners may only be drawn down in certain limited circumstances, and LGP's management fee is based upon capital invested by the Main Funds, this timing may create an incentive to deploy capital when LGP may not otherwise have done so. The fact that certain fees received by affiliates of LGP from the Main Funds are based on the performance of the Main Funds may also create an incentive for LGP to cause the Main Funds to make investments that are more speculative than would be the case in the absence of performance-based fees. This incentive may be tempered somewhat by the substantial investment by affiliates of LGP in the Main Funds and the fact that losses from unsuccessful investments will reduce the Main Fund's performance and thus LGP's receipt of (or right to retain) performance fees.

Investor Due Diligence Information

Due in part to the fact that potential investors in a Fund (including potential investors in a Co-Investment Vehicle or purchaser of a Limited Partner's interest in a secondary transaction) may ask different questions and request different information, LGP may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or Limited Partners.

Valuation of Fund Assets

The Funds' investments are generally privately held companies and may also include restricted securities

in publicly held companies. The process of valuing such securities for which price quotations are not available is based on inherent uncertainties. The resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available for certain of a Fund's assets. Although LGP does not generally assess management fees or performance fees based upon LGP's valuation determinations, a conflict may arise as performance information will be reported based on the valuations established by LGP. LGP has a duty to value the Funds' assets as provided in, and consistent with, the organizational documents of the Funds and applicable Generally Accepted Accounting Principles. LGP has adopted a policy regarding the valuation of Fund assets in order to provide a basis for establishing valuations reported by Funds.

Current Limited Partners may contact LGP's Chief Compliance Officer, Adrian Maizey, at (310) 954-0414 for more information about the Valuation of Fund assets.

Other Conflicts

LGP and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including transactions in which there may be conflicts of interest. Members of some of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between the Funds and LGP and/or its affiliates, the parties may engage separate counsel in the sole discretion of LGP and its affiliates. Moreover, in litigation and certain other circumstances separate representation may be required. Additionally, LGP and the Funds may engage other common service providers. In such circumstances, there may be a conflict of interest between LGP and the Funds in determining whether to engage such service providers, including the possibility that LGP may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds.

Item 12: Brokerage Practices

To the extent LGP transacts in public securities, LGP is generally authorized to make the following determinations, subject to the Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any of its Limited Partners: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

To the extent LGP transacts in public securities, it intends to select brokers based upon the broker's ability to provide "best execution" for the Funds. "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. In making its decisions regarding the allocation of brokerage transactions for Funds, LGP will consider a variety of factors including but not limited to the broker-dealer's: (i) ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) financial strength, integrity and stability of the broker-dealer or counter party; (iv) competitiveness of commission rates in comparison with other broker-dealers; (v) research products/services provided by a broker-dealer; and (vi) belief that the broker-dealer will maintain confidentiality of the transactions. Although LGP generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer,

which may justify higher commissions and equivalents than would be the case for more routine services. LGP does not select broker-dealers based on investor referrals.

LGP does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to LGP's own research effort. To the best of LGP's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. LGP does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services (although these brokers will generally not separately disclose their costs in providing such research).

Item 13: Allocations Among Clients; Aggregation

Typically, only one Main Fund is actively investing capital and, accordingly, LGP generally does not need to allocate investments among multiple Main Funds. However, should more than one Fund be investing capital at a given time, and subject to any specific provisions of the respective agreements governing the Funds, LGP would seek to allocate investment opportunities in a manner that it believes to be in the best interest of all of the Funds involved and that it believes to be appropriate on an equitable basis. Among the factors that can impact allocation and investment decisions across Funds are: concentration restrictions, risk parameters, cash flow, liquidity needs, tax considerations, and other factors. In addition, the limited partnership agreements of the Funds may contain provisions that address the allocation of investments as between active Funds, and sale and disposition opportunities.

In the event that LGP transacts in public securities, LGP may aggregate Fund transactions when such aggregation is expected to be in the best interest of all participating Funds. All Funds participating in an aggregated transaction will generally participate on a pro rata basis and receive the average price and pay a proportional share of any transaction costs, and will similarly exit the investment on the same terms and at the same time.

Trade errors

The cost of errors in the Funds will generally be borne by the Funds unless an error is the result of bad faith, gross negligence, or willful misconduct by LGP.

Item 14: Review of Accounts

Oversight and Monitoring

All investments are carefully reviewed and approved by LGP's investment professionals. The progress of all portfolio companies is carefully monitored on a periodic basis and is subject to the constant supervision and review by LGP investment professionals. LGP generally maintains an ongoing oversight position in its portfolio companies. The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the Fund review process is not directed toward a short-term decision to dispose of securities.

Reporting

LGP provides each Limited Partner with audited financials of the Fund in which they invest within 120 days after each fiscal year end, unaudited quarterly financial statements within 50 days of each quarter end, annual tax information for the completion of income tax returns, and regular reporting updates through investor letters, quarterly conference calls, meetings and conferences.

Item 15: Client Referrals and Other Compensation

During a fundraising cycle for a Fund, LGP has previously and may in the future compensate placement agents who introduce new investors that commit capital to a Fund. The use of placement agents to raise capital for a Fund, and the fees paid to such placement agent, will be disclosed in the Fund's confidential offering materials or to the Limited Partners identified by such placement agents, as appropriate.

Certain portfolio companies offer discounted goods or services to LGP personnel and other LGP associates such as portfolio company executives and service providers. Such discounts are generally similar to those provided to management or employees of the portfolio companies.

Item 16: Custody

The Funds' cash and securities are held by qualified custodians that are not affiliated with LGP (including Wells Fargo Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated), and LGP regularly reconciles its records to those of the qualified custodians.

Item 17: Investment Discretion

LGP has full discretionary authority over each of the Funds, as described in each Fund's limited partnership agreement and confidential offering materials.

Item 18: Voting Client Securities

The Funds are primarily invested in private companies that typically do not issue proxies. When LGP receives proxies in connection with its publicly traded portfolio companies, it is LGP's policy to exercise the proxy vote in the best interest of the Funds, taking into consideration all relevant factors, including without limitation, acting in a manner that LGP believes will: (i) maximize the economic benefits to the Fund, and (ii) promote sound corporate governance by the issuer. Whenever LGP is required to exercise a vote for a privately-held portfolio company, the same standards and procedures shall apply.

LGP seeks and accepts the election of LGP representatives to serve on the board of directors of a portfolio company on behalf of a Fund and will typically, but not always, vote in favor of board recommendations. In situations where LGP is required to vote the proxy for a company in which partners or employees of LGP serve on the board of directors, LGP has determined that this does not inherently present a conflict of interest, as the purpose of this representation is to maximize the return for the applicable Fund's investment in such company. Accordingly, while LGP is generally, but not automatically, fully supportive of recommendations made by a company's board of directors with respect to proxy votes related to that issuer, it will review all proxies in accordance with its proxy voting policies and may or may not vote in favor of the board's recommendation.

LGP has adopted written policies and procedures governing the proxy voting process and addressing conflicts of interest that may arise in connection with voting proxies. LGP may, however, vote in a manner that is contrary to the general guidelines if it believes that it would be in a Fund's best interest to do so.

Current Limited Partners may contact LGP's Chief Compliance Officer, Adrian Maizey, at (310) 954-0414 for more information about proxy voting.

Item 19: Financial Information

LGP has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Funds.